

Bureau of Engraving and Printing

Program Summary by Budget Activity

(Dollars in thousands)

Budget Activity	FY 2007	FY 2008	FY 2009		
	Obligated	Estimated	Estimated	Increase/ Decrease	Percent Change
Manufacturing for BEP	493,000	469,000	497,500	28,500	6.1%
Protection and Accountability of Assets	63,000	62,000	62,000	0	0.0%
Total Cost of Operations	\$556,000	\$531,000	\$559,500	\$28,500	5.4%

Explanation of Budget Estimate

The Bureau of Engraving and Printing (BEP) began printing currency in 1862. It operates on the basis of authority conferred upon the Secretary of the Treasury by 31 U.S.C. 321(a)(4) to engrave and print currency and other security documents. Operations at BEP are financed by a revolving fund established in 1950 in accordance with Public Law 81-656. This fund is reimbursed through product sales for direct and indirect costs of operations including administrative expenses. In 1977, Public Law 95-81 authorized the Bureau to include an amount sufficient to fund capital investments and to meet working capital requirements in the prices charged for products. This funding mechanism eliminated the need for appropriations from Congress.

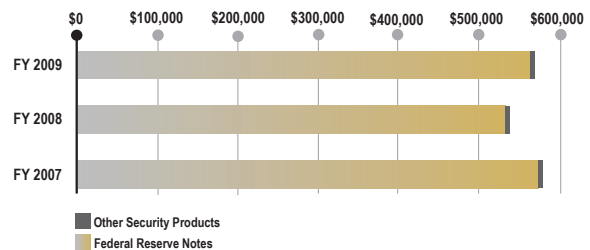
BEP's key priorities for FY 2009 include:

- The continued re-tooling and retrofitting of the currency production process to allow BEP to integrate to a 50-subject (notes per sheet) manufacturing capability from the current 32-subject (notes per sheet) currency production process. This new equipment will ensure that the BEP continues to operate in an efficient and cost-effective manner.
- The introduction of a new \$100 note. The new \$100 notes will contain enhanced security features including subtle background colors as well as a new overt counterfeit deterrent feature. The Federal Reserve will determine when the new note is issued to the public. The new notes are part of the current multi-year initiative to implement the most ambitious currency redesign in United States history.

- Continued process improvements as required of an ISO 9001 certified organization, a designation that indicates to current and prospective customers that the Bureau employs a rigorous quality management program.
- Continued work with the Advanced Counterfeit Deterrent Committee and other Government agencies to research and develop state-of-the-art counterfeit deterrent features for use in future currency notes that will enhance and protect future notes.

BEP Revenue History

(Dollars in Thousands)



Purpose of Program

The mission of BEP is to design and manufacture high quality security documents that deter counterfeiting and meet customer requirements for quality, quantity and performance.

BEP's vision is to maintain its position as a world-class securities printer providing customers and the public superior products through excellence in manufacturing and technological innovation. It strives to produce United States currency as well as other security documents issued by the Federal Government, of the highest quality. Other activities include engraving plates and dies; manufacturing inks

used to print security products; purchasing materials, supplies and equipment; and storing and delivering products in accordance with the requirements of its customers. In addition, the Bureau provides technical assistance and advice to other federal agencies in the design and production of documents that, because of their innate value or other characteristics, require counterfeit deterrence.

In line with the BEP's vision, the Bureau's top priorities for FY 2009 to achieve its mission are the introduction of a new \$100 note to the public. These new notes will contain enhanced security features including subtle background colors. Background colors help customers, particularly those who are vision impaired, to tell the denominations apart. BEP has also incorporated a new overt counterfeit deterrent feature into the note to further protect it from counterfeiters. The Federal Reserve will determine when the new note is to be put into circulation. Collaboration continues between the BEP and the Advanced Counterfeit Deterrent Committee to research and develop possible new features and designs that will enhance and protect future currency notes.

Explanation of Budget Activities

Manufacturing for BEP (\$497,500,000 from reimbursable programs) The mission of BEP is to design and manufacture high quality security documents that deter counterfeiting and meet customer requirements for quality, quantity and performance.

BEP's vision is to maintain its position as a world-class securities printer providing customers and the public superior products through excellence in manufacturing and technological innovation. It strives to produce United States currency as well as other security documents issued by the Federal Government, of the highest quality. Other activities include engraving plates and dies; manufacturing inks used to print security products; purchasing materials, supplies and equipment; and storing and delivering products in accordance with the requirements of its customers. In addition, the Bureau provides technical assistance and advice to other federal agencies in the design and production of documents that, because of their innate value or other characteristics, require counterfeit deterrence.

Protection and Accountability of Assets (\$62,000,000 from reimbursable programs) BEP protects and accounts for its assets by providing effective and efficient product security and accountability during the manufacture and delivery of currency notes to the Federal Reserve which preserves the integrity of the nation's currency. Protection and Accountability of Assets includes the protection of thousands of BEP employees and contractors, facilities and equipment.

Legislative Proposals

BEP has no legislative proposals for FY 2009.

Capital Investments Summary

BEP has no major IT investments for FY 2009.

BEP Performance by Budget Activity

Budget Activity	Performance Measure	FY 2005	FY 2006	FY 2007		FY 2008	FY 2009
		Actual	Actual	Actual	Target Met?	Target	Target
Manufacturing for BEP	Manufacturing costs for currency (dollar costs per thousand notes produced) (\$) (E)	28.83	27.49	28.71	✓	33	34
Manufacturing for BEP	Percent of currency notes delivered to the Federal Reserve that meet customer quality requirements (%) (Oe)	99.9	99.9	100	✓	99.9	99.9
Protection and Accountability of Assets	Currency shipment discrepancies per million notes (%) (Oe)	0	0.01	0.01	✓	0.01	0.01
Protection and Accountability of Assets	Security costs per 1000 notes delivered (\$) (E)	5.75	6	5.92	✓	5.65	5.5

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and M - Management/Cust. Satisfaction

Description of Performance

Manufacturing Costs for Currency (dollar cost per 1,000 notes produced) is an indicator of manufacturing efficiency and effectiveness of program management. This measure is based on contracted price factors, and anticipated productivity improvements. Actual performance against standard depends on BEP's ability to meet annual spoilage, efficiency, and capacity utilization goals. Performance against this measure has been favorable for the past seven years.

Currency Shipment Discrepancies is an indicator of the Bureau's ability to provide effective product security and accountability. This measure refers to product overages or underages of as little as a single currency note in shipments of finished notes to the Federal Reserve Banks expressed as a percentage of total program. For several years, this measure has had an annual target of .01 percent. The Bureau has been able to meet or do better than this target on a regular basis. BEP continually strives to meet its long term goal of 0 percent, and has been able to do so several times.